CONFERENCE COMMITTEE REPORT
DIGEST FOR ESB 504

Citations Affected: IC 12-15-15-1.3; IC 12-17.8-2-0.5.

Synopsis: Delay of uninsured parents program. Conference committee report for ESB 504. Delays the effective date of the uninsured parents program for two years. Reinstates the hospital care for the indigent program (which was otherwise repealed July 1, 2004) until June 30, 2004. Amends the hospital's reimbursement calculation. (This conference committee report: (1) defines Medicaid shortfall; (2) amends hospital reimbursement calculations; (3) separates inpatient and outpatient services; and (4) provides that reimbursement shall be the maximum percentage allowed under federal and state law.)

Effective: July 1, 2000 (retroactive); July 1, 2002.

CONFERENCE COMMITTEE REPORT

MR. SPEAKER:

   Your Conference Committee appointed to confer with a like committee from the Senate upon Engrossed House Amendments to Engrossed Senate Bill No. 504 respectfully reports that said two committees have conferred and agreed as follows to wit:

that the Senate recede from its dissent from all House amendments and that the Senate now concur in all House amendments to the bill and that the bill be further amended as follows:

1   Replace the effective date in SECTION 19 with "[EFFECTIVE JULY
2   1, 2000 (RETROACTIVE)]:".
3   Page 16, line 42, after "IC 16-22-2" insert ", **IC 16-22-8,**".
4   Page 17, line 1, delete "For a state fiscal year ending after June 30,
5   1997, but before".
6   Page 17, delete lines 2 through 16.
7   Page 17, line 17, delete "(c)".
8   Page 17, run in lines 1 and 17.
9   Page 17, line 17, reset in roman "June 30, 2000,".
10   Page 17, line 17, delete "June 30, 2002,".
11   Page 17, line 21, after "aggregate" insert "**inpatient hospital**".
12   Page 17, line 21, after "services" insert ",".
13   Page 17, line 22, strike "reimbursed" and insert "**reimbursable**".
14   Page 17, line 22, after "article" insert "**and under the state Medicaid**
15   **plan, that were**".
16   Page 17, line 22, after "provided" insert "**during the state fiscal**
17   **year**".
18   Page 17, line 24, after "aggregate" insert "**inpatient hospital**".
19   Page 17, line 26, after "article" insert "**and under the state Medicaid**
20   **plan**".
21   Page 17, line 29, strike "one" and insert "**a percentage**".

1 Page 17, line 30, strike "hundred".

2 Page 17, line 30, strike "percent".

3 Page 17, line 30, delete "(100%)".

4 Page 17, line 32, after "for" insert "**the inpatient hospital**".

5 Page 17, line 33, after "principles." insert "**The office shall apply in**

6 **this STEP the maximum percentage permitted for the state under**

7 **federal Medicaid law.**".

8 Page 17, strike lines 36 through 42.

9 Page 18, strike lines 1 through 12.

10 Page 18, line 13, strike "SEVEN" and insert "**FIVE**".

11 Page 18, line 13, delete "to an eligible hospital described in".

12 Page 18, delete line 14.

13 Page 18, line 15, delete "(A)" and run in lines 13 and 15.

14 Page 18, line 15, strike "SIX" and insert "**FOUR**".

15 Page 18, line 16, reset in roman "(c)".

16 Page 18, line 16, delete "(d)".

17 Page 18, line 17, strike "hospital specific limit under 42" and insert

18 "**Medicaid shortfall as defined in subsection (f).**".

19 Page 18, line 18, strike "U.S.C. 1396r-4(g), as determined by the

20 office;".

21 Page 18, line 18, delete "or".

22 Page 18, delete lines 19 through 21.

23 Page 18, line 22, reset in roman "(c)".

24 Page 18, line 22, delete "(d)".

25 Page 18, line 22, reset in roman "(e),".

26 Page 18, line 22, delete "(f),".

27 Page 18, line 22, after "reimbursement" insert "**for a state fiscal**

28 **year**".

29 Page 18, line 25, delete "2002," and insert "**2001,**".

30 Page 18, line 26, strike "A payment described in this subsection is

31 not due to a" and insert "**A hospital is not eligible for a payment**

32 **described in this subsection unless an intergovernmental transfer**

33 **is made under subsection (d).**".

34 Page 18, strike lines 27 through 29.

35 Page 18, line 30, strike "(2) an intergovernmental transfer is made

36 under subsection".

37 Page 18, delete line 31.

38 Page 18, line 32, reset in roman "(d)".

39 Page 18, line 32, before "Subject" delete "(e)".

40 Page 18, line 32, after "subsection", reset in roman "(e),".

41 Page 18, line 32, delete "(f),".

42 Page 18, line 36, strike "shall" and insert "**must**".

43 Page 18, line 36, delete ":".

44 Page 18, line 37, delete "in" and insert "in **an amount equal to a**

45 **percentage, as determined by the office, of the amount to be**

46 **distributed to the hospital under STEP FIVE of subsection (b). In**

47 **determining the percentage, the office shall apply the same**

48 **percentage of not more than eighty-five percent (85%) to all**

49 **hospitals eligible for reimbursement under STEP FIVE of**

50 **subsection (b). The office shall use the intergovernmental transfer**

51 **to fund payments made under this section and as otherwise**

1   **provided under IC 12-15-20-2(5).**".
2   Page 18, delete lines 38 through 40.
3   Page 18, line 41, delete "(2) for a state fiscal year ending after June
4   30, 2002, in".
5   Page 18, line 41, strike "an".
6   Page 18, line 42, strike "amount equal to".
7   Page 18, line 42, delete "or less than".
8   Page 18, line 42, strike "eighty-five percent (85%) of the".
9   Page 19, strike line 1.
10   Page 19, line 2, strike "subsection".
11   Page 19, line 2, delete "(c).".
12   Page 19, strike lines 3 through 7.
13   Page 19, line 8, reset in roman "(e)".
14   Page 19, line 8, delete "(f)".
15   Page 19, line 9, reset in roman "(d)".
16   Page 19, line 9, delete "(e)".
17   Page 19, line 10, delete "subsection (b) or".
18   Page 19, line 11, strike "SEVEN" and insert "**FIVE**".
19   Page 19, line 11, reset in roman "(b)".
20   Page 19, line 11, after "(b)" delete "(c)".
21   Page 19, line 11, after "subsections" reset in roman "(c)".
22   Page 19, line 12, delete "(d)".
23   Page 19, line 12, after "and" reset in roman "(d)".
24   Page 19, line 12, delete "(e)".
25   Page 19, line 15, delete "subsection (b) or".
26   Page 19, line 15, strike "SEVEN" and insert "**FIVE**".
27   Page 19, line 15, after "of subsection" reset in roman "(b)".
28   Page 19, line 15, delete "(c)".
29   Page 19, line 19, delete "subsection (b) or".
30   Page 19, line 19, strike "SEVEN" and insert "**FIVE**".
31   Page 19, line 19, after "of subsection" reset in roman "(b)".
32   Page 19, line 19, delete "(c)".
33   Page 19, line 24, reset in roman "(f)".
34   Page 19, line 24, delete "(g)".
35   Page 19, line 24, strike "The office may not implement this section
36   until the federal".
37   Page 19, strike lines 25 through 28 and insert: "**For purposes of this
38   section:**
39   **(1) a hospital's Medicaid shortfall is calculated as follows:**
40   **STEP ONE: The office shall identify the inpatient hospital**
41   **services, reimbursable under this article and under the state**
42   **Medicaid plan, that were provided during the state fiscal**
43   **year by the hospital.**
44   **STEP TWO: For the inpatient hospital services identified**
45   **under STEP ONE, the office shall calculate the payments**
46   **made under this article and under the state Medicaid plan to**
47   **the hospital, excluding payments under IC 12-15-16,**
48   **IC 12-15-17, and IC 12-15-19.**
49   **STEP THREE: The office shall calculate an amount equal to**
50   **a percentage of a reasonable estimate of the amount that**
51   **would have been paid by the office for the inpatient hospital**

1   **services described in STEP ONE under Medicare payment**
2   **principles. The office shall apply in this STEP the maximum**
3   **percentage permitted for the state under federal Medicaid**
4   **law; and**
5   **(2) a hospital's Medicaid shortfall is equal to the amount by**
6   **which the amount calculated in STEP THREE of subdivision**
7   **(1) is greater than the amount calculated in STEP TWO of**
8   **subdivision (1).**".
9   Page 19, line 29, reset in roman "(g)".
10   Page 19, line 29, delete "(h)".
11   Page 19, line 29, strike "This subsection applies to the state fiscal
12 year beginning July".
13   Page 19, line 30, strike "1,".
14   Page 19, line 30, delete "2002,".
15   Page 19, line 30, strike "and ending June 30,".
16   Page 19, line 30, delete "2003.".
17   Page 19, line 30, strike "If federal law will not".
18   Page 19, strike line 31.
19   Page 19, line 32, strike "be applied to all services identified in STEP
20 ONE of subsection".
21   Page 19, line 32, delete "(c)".
22   Page 19, strike lines 33 through 35.
23   Page 19, line 36, strike "calculated in STEP THREE of subsection".
24   Page 19, line 36, delete "(c)".
25   Page 19, line 36, strike "to exceed the".
26   Page 19, strike line 37.
27   Page 20, between lines 1 and 2, begin a new paragraph and insert:
28   "SECTION 13. IC 12-15-15-1.3 IS ADDED TO THE INDIANA
29 CODE AS A **NEW** SECTION TO READ AS FOLLOWS
30 [EFFECTIVE JULY 1, 2000 (RETROACTIVE)]: **Sec. 1.3. (a) This**
31 **section applies to a hospital that is:**
32   **(1) licensed under IC 16-21; and**
33   **(2) established and operated under IC 16-22-2, IC 16-22-8, or**
34   **IC 16-23.**
35   **(b) For a state fiscal year ending after June 30, 2000, in addition**
36 **to reimbursement received under section 1 of this chapter, a**
37 **hospital is entitled to reimbursement in an amount calculated as**
38 **follows:**
39   **STEP ONE: The office shall identify the aggregate outpatient**
40   **hospital services, reimbursable under this article and under the**
41   **state Medicaid plan, that were provided during the state fiscal**
42   **year by hospitals established and operated under IC 16-22-2,**
43   **IC 16-22-8, and IC 16-23.**
44   **STEP TWO: For the aggregate outpatient hospital services**
45   **identified under STEP ONE, the office shall calculate the**
46   **aggregate payments made under this article and under the**
47   **state Medicaid plan to hospitals established and operated**
48   **under IC 16-22-2, IC 16-22-8, and IC 16-23, excluding**
49   **payments under IC 12-15-16, IC 12-15-17, and IC 12-15-19.**
50   **STEP THREE: The office shall calculate an amount equal to**
51   **a percentage of a reasonable estimate of the amount that would**

1   **have been paid in the aggregate by the office under Medicare**
2   **payment principles for the outpatient hospital services**
3   **described in STEP ONE. The office shall apply in this STEP**
4   **the maximum percentage permitted for the state under federal**
5   **Medicaid law.**
6   **STEP FOUR: Subtract the amount calculated under STEP**
7   **TWO from the amount calculated under STEP THREE.**
8   **STEP FIVE: Distribute an amount equal to the amount**
9   **calculated under STEP FOUR to the eligible hospitals**
10   **described in subsection (c) in proportion to each hospital's**
11   **Medicaid shortfall as defined in subsection (f).**
12   **(c) Subject to subsection (e), the reimbursement for a state fiscal**
13   **year under this section consists of a single payment made before**
14   **December 31 following the end of the state fiscal year. A hospital**
15   **is not eligible for a payment described in this subsection unless an**
16   **intergovernmental transfer is made under subsection (d).**
17   **(d) Subject to subsection (e), a hospital may make an**
18   **intergovernmental transfer under this subsection, or an**
19   **intergovernmental transfer may be made on behalf of the hospital,**
20   **after the close of each state fiscal year. An intergovernmental**
21   **transfer under this subsection must be made to the Medicaid**
22   **indigent care trust fund in an amount equal to a percentage, as**
23   **determined by the office, of the amount to be distributed to the**
24   **hospital under STEP FIVE of subsection (b). In determining the**
25   **percentage, the office shall apply the same percentage of not more**
26   **than eighty-five percent (85%) to all hospitals eligible for**
27   **reimbursement under STEP FIVE of subsection (b). The office**
28   **shall use the intergovernmental transfer to fund payments made**
29   **under this section and as otherwise provided under**
30   **IC 12-15-20-2(5).**
31   **(e) A hospital making an intergovernmental transfer under**
32   **subsection (d) may appeal under IC 4-21.5 the amount determined**
33   **by the office to be paid by the hospital under STEP FIVE of**
34   **subsection (b). The periods described in subsections (c) and (d) for**
35   **the hospital to make an intergovernmental transfer are tolled**
36   **pending the administrative appeal and any judicial review initiated**
37   **by the hospital under IC 4-21.5. The distribution to other hospitals**
38   **under STEP FIVE of subsection (b) may not be delayed due to an**
39   **administrative appeal or judicial review instituted by a hospital**
40   **under this subsection. If necessary, the office may make a partial**
41   **distribution to the other eligible hospitals under STEP FIVE of**
42   **subsection (b) pending the completion of a hospital's**
43   **administrative appeal or judicial review, at which time the**
44   **remaining portion of the payments due to the eligible hospitals**
45   **must be made. A partial distribution may be calculated by the**
46   **office based upon estimates and trends.**
47   **(f) For purposes of this section:**
48   **(1) a hospital's Medicaid shortfall is calculated as follows:**
49   **STEP ONE: The office shall identify the outpatient hospital**
50   **services, reimbursable under this article and under the state**
51   **Medicaid plan, that were provided during the state fiscal**

1 **year by the hospital.**
2 **STEP TWO: For the outpatient hospital services identified**
3 **under STEP ONE, the office shall calculate the payments**
4 **made under this article and under the state Medicaid plan to**
5 **the hospital, excluding payments under IC 12-15-16,**
6 **IC 12-15-17, and IC 12-15-19.**
7 **STEP THREE: The office shall calculate an amount equal to**
8 **a percentage of a reasonable estimate of the amount that**
9 **would have been paid by the office for the outpatient hospital**
10 **services described in STEP ONE under Medicare payment**
11 **principles. The office shall apply in this STEP the maximum**
12 **percentage permitted for the state under federal Medicaid**
13 **law; and**
14 **(2) a hospital's Medicaid shortfall is equal to the amount by**
15 **which the amount calculated in STEP THREE of subdivision**
16 **(1) is greater than the amount calculated in STEP TWO of**
17 **subdivision (1).**".
18 Page 22, line 21, after "fund" insert ",".
19 Page 22, line 21, strike "under".
20 Page 22, line 22, delete "IC 12-15-15-1.1(e),".
21 Page 22, line 24, strike "under".
22 Page 22, line 25, delete "IC 12-15-15-1.1(e)".
23 Page 22, line 30, strike "under".
24 Page 22, line 31, delete "IC 12-15-15-1.1(e)".
25 Page 22, line 31, strike "years" and insert "**year**".
26 Page 22, line 31, strike "after".
27 Page 22, line 32, strike "2000," and insert "**2001,**".
28 Page 22, line 32, delete "but before July 1, 2004,".
29 Page 22, line 35, strike "under".
30 Page 22, line 35, delete "IC 12-15-15-1.1(e)".
31 Page 22, line 39, after "transfers" insert ", **if any,**".
32 Page 22, line 39, strike "under".
33 Page 22, line 40, delete "**IC 12-15-15-1.1(e)**".
34 Page 22, line 40, reset in roman "year".
35 Page 22, line 40, delete "years".
36 Page 23, line 5, after "(C)" insert "**Of the intergovernmental**
37 **transfers deposited into the Medicaid indigent care trust fund, for**
38 **state fiscal years beginning July 1, 2001, July 1, 2002, and July 1,**
39 **2003, an amount equal to:**
40 **(i) one hundred percent (100%) of the total**
41 **intergovernmental transfers deposited into the Medicaid**
42 **indigent care trust fund for the state fiscal year beginning**
43 **July 1, 1998; minus**
44 **(ii) an amount equal to the amount deposited into the**
45 **Medicaid indigent care trust fund under IC 12-15-15-9(d)**
46 **for the state fiscal years beginning July 1, 2001, July 1,**
47 **2002, and July 1, 2003;**
48 **shall be used to fund the state's share of disproportionate**
49 **share payments to providers under IC 12-15-19-2.1. The**
50 **remainder of the intergovernmental transfers, if any, must**
51 **be used to fund the state's share of additional Medicaid**

payments to hospitals licensed under IC 16-21 pursuant to
a methodology adopted by the office.
(**D**)".
Page 23, line 6, delete "under IC 12-15-15-1.1(e)".
Page 23, line 8, after "to" insert "**:**
(**i**)".
Page 23, line 10, delete "under IC 12-15-15-1.1(e)".
Page 23, line12, delete "1999," and insert "**1999; minus**
(ii) an amount equal to the amount deposited into the
Medicaid indigent care trust fund under IC 12-15-15-9(d)
for the state fiscal year ending June 30, 2004;".
Page 23, line 12, beginning with "shall" begin a new line double
block indented.
Page 23, line 15, after "transfers" insert "**, if any,**".
Page 23, line 15, delete "under IC 12-15-15-1.1(e)".
Page 23, line 20, delete "(D)" and insert "(**E**)".
Page 23, line 28, delete "(E)" and insert "(**F**)".
Page 36, line 33, after "beginning" reset in roman "July 1,".
Page 36, line 33, strike "2000,".
Page 40, between lines 13 and 14, begin a new paragraph and insert:
"SECTION 44. IC 12-17.8-2-0.5 IS ADDED TO THE INDIANA
CODE AS A **NEW** SECTION TO READ AS FOLLOWS
[EFFECTIVE JULY 1, 2002]: **Sec. 0.5. This chapter applies after**
June 30, 2004.".
Page 43, between lines 11 and 12, begin a new paragraph and insert:
"SECTION 51. [EFFECTIVE JULY 1, 2000 (RETROACTIVE)] (**a**)
For purposes of reimbursement under IC 12-15-15-1.1, as amended
by this act, for the state fiscal year ending June 30, 2001, the office
shall do the following:
(1) Include in the office's calculation under STEP TWO of IC
12-15-15-1.1(b), payments made under IC 12-15-15-1.1, as
amended by P.L.283-2001, SECTION 19, attributable to
inpatient hospital services provided during the state fiscal year
ending June 30, 2001.
(2) Include in the office's calculation under STEP TWO of
IC 12-15-15-1.1(f), payments made under IC 12-15-15-1.1, as
amended by P.L.283-2001, SECTION 19, attributable to
inpatient hospital services provided during the state fiscal year
ending June 30, 2001.
(3) Reimburse in a single payment before December 31, 2002.
(b) This SECTION expires December 31, 2003.
SECTION 52. [EFFECTIVE JULY 1, 2000 (RETROACTIVE)] (**a**)
For purposes of reimbursement under IC 12-15-15-1.3, as added by
this act, for the state fiscal year ending June 30, 2001, the office
shall do the following:
(1) Include in the office's calculation under STEP TWO of IC
12-15-15-1.3(b), payments made under IC 12-15-15-1.1, as
amended by P.L.283-2001, SECTION 19, attributable to
outpatient hospital services provided during the state fiscal
year ending June 30, 2001.
(2) Include in the office's calculation under STEP TWO of

1   **IC 12-15-15-1.3(f), payments made under IC 12-15-15-1.1, as**
2   **amended by P.L.283-2001, SECTION 19, attributable to**
3   **outpatient hospital services provided during the state fiscal**
4   **year ending June 30, 2001.**
5   **(3) Reimburse in a single payment before December 31, 2002.**
6   **(b) This SECTION expires December 31, 2003.**".
7   Renumber all SECTIONS consecutively.
  (Reference is to ESB 504 as printed February 22, 2002.)

Conference Committee Report

on

Engrossed Senate Bill 504

S igned by:

_____   _____
Senator Johnson   Representative Crawford
Chairperson

_____   _____
Senator Breaux   Representative Becker

Senate Conferees   **House Conferees**